



PRESS RELEASE

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SIX INDICTED IN TELEMARKETING SCHEME

PHOENIX - The U.S. Attorney's Office for the District of Arizona announced that on August 5, 2004, a federal grand jury in Phoenix returned a 73-count indictment against Harvey L. Sloniker, Jr., DOB 5/20/1968, of Gilbert, Ariz. Also indicted were Tye Sloniker, DOB 3/7/1977; Kindy Jonagan, DOB 5/18/1967; and Robert Shinn, DOB 6/7/1958, all of Gilbert, Ariz., Richard Nail, DOB 11/17/1972, of Melbourne, Fla., and John Desiderio, DOB 5/11/1966, of Chandler, Ariz.

On October 4, 2004, five of those indicted were arrested. T. Sloniker and Desiderio were released after their initial appearance in federal court on October 4, 2004. H. Sloniker, Jonagan and Shinn have detention hearings in federal court in Phoenix during the week of October 5. Information about Nail's appearance in federal court in Phoenix is not available at this time.

The indictment alleges that H. Sloniker was the president, CEO and founder of Corporate Industries Inc., an Arizona telemarketing corporation incorporated by H. Sloniker

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around May of 1997. Tye Sloniker, Jonagan, Shinn and Nail were managers and supervisors in Corporate Industries, Inc. and affiliated companies ("the companies"). The indictment further alleges that between August 2001 and July 2002, the companies and the above defendants obtained telephone contact information for consumers with poor credit history and marketed to those consumers a major credit card, usable anywhere major credit cards are accepted, for a one-time processing fee of at least \$219.90. In return, consumers received only a "benefits package" consisting of a catalog and a card that could be used to make purchases exclusively through the catalog (after first making a cash down payment), with a total cost to the companies of \$26. As alleged in the indictment, no consumer received a major credit card in exchange for the processing fee, and the scheme defrauded over 57,000 consumers of more than \$5,000,000 by means of false representations and promises. The indictment also alleges that H. Sloniker failed to pay over taxes withheld from his employees to the federal government and that H. Sloniker and Nail, assisted by the actions of Desiderio, a certified public accountant, inflated their earnings from the scheme to qualify for bank loans.

The federal indictment charges H. Sloniker with the following violations:

Violation	Count	Description
18 U.S.C. Section 371	1	Conspiracy to Commit Mail and Wire Fraud
	50	Conspiracy to Commit Loan Fraud
18 U.S.C. Sections 1341, 2326, 2	2-11	Mail Fraud; Telemarketing to Persons Over the Age of 55
18 U.S.C. Sections 1343, 2326, 2	12-38	Wire Fraud; Telemarketing to Persons Over the Age of 55
18 U.S.C. Sections 1956(h)	39	Conspiracy to Commit Money Laundering
18 U.S.C. Sections 1956 (a)(1)(A)(i) and 2	40-49	Promotional Money Laundering
18 U.S.C. Sections 1014 and 2	51-69	False Statements on Loan/ Credit Application
26 U.S.C. Section 7202	70-73	Failure to Account / Pay Withholding/ FICA

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T. Sloniker, Jonagan, and Shinn are charged with counts 1 to 49. Nail is charged with counts 1 to 69 and Desiderio is charged with counts 50 to 69.

A conviction for Conspiracy to Commit Mail/Wire Fraud or Loan Fraud carries a maximum penalty of five years, a \$250,000 fine or both. A conviction for Mail or Wire Fraud carries a maximum penalty of 20 years, a \$250,000 fine or both, and a conviction for Loan Fraud carries a maximum penalty of 30 years, a \$1,000,000 fine or both. A conviction for Money Laundering or Conspiracy to Commit Money Laundering carries a maximum penalty of 20 years, a \$500,000 fine or both. A conviction for Failure to Account for and Pay Over Withholding Taxes carries a maximum penalty of five years, a \$10,000 fine or both.

An indictment is simply the method by which a person is charged with criminal activity and raises no inference of guilt. An individual is presumed innocent until competent evidence is presented to a jury that establishes guilt beyond a reasonable doubt.

The investigation preceding the indictment was conducted by the Arizona Telemarketing Fraud Task Force which includes special agents from the Federal Bureau of Investigation, the Internal Revenue Service Criminal Investigation Division and the United States Postal Inspection Service.

The prosecution is being handled by Rachel Hernandez and Gary Restaino, Assistant U.S. Attorneys, District of Arizona, Phoenix.

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